



Noumi Limited  
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Australia  
ABN 41 002 814 235

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ASX Market Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

## Noumi first-half results impacted by COVID but MILKLAB growth continues and operational turnaround gains momentum

Noumi Limited (**ASX:NOU, the Company**), a leading Australian producer of dairy and plant-based beverages, nutritional products and ingredients, presents its financial results for the six months to 31 December 2021 (**1H FY22**) and provides the following financial and operational update.

Underlying results <sup>1</sup>	1H FY22	1H FY21 <sup>2</sup>	Change	Change (%)
Net Revenue	\$265.3m	\$285.0m	(\$19.7m)	(7)
Adjusted Operating EBITDA <sup>3</sup>	\$4.6m	\$21.4m	(\$16.8m)	(79)
Adjusted Operating EBITDA margin	1.7%	7.5%	(5.8ppt)	(77)
<b>Net loss ex-US litigation settlement costs</b>	<b>(\$15.1m)</b>	<b>(\$15.0m)</b>	<b>(\$0.1m)</b>	<b>(1)</b>
Net loss after tax	(\$65.8m)	(\$15.0m)	(\$50.8m)	n.m.
Cash at bank	\$16.3m	\$24.3m	(\$8.0m)	(33)

### Key points

- Revenue down 7% to \$265.3 million largely due to lower traded milk sales, the removal of an unprofitable product line, lactoferrin sales timing and the impact of COVID-19 across the business, offset by growth in out-of-home sales and exports
- Adjusted Operating EBITDA down 79% to \$4.6 million largely due to the impact of COVID-19 on sales volumes, productivity and costs
- Plant-based Beverage revenue and profit growth continues, with MILKLAB and Australia's Own sales up strongly and with healthy margins
- MILKLAB plant-based sales rose 32% in Australia and 64% in export markets despite COVID-19 disruptions
- Dairy and Nutritionals affected by COVID-19 and identified revenue impacts, but expected to improve as operational turnaround initiatives gain momentum and show positive results

<sup>1</sup> Continuing operations, excludes Cereal & Snacks divested in March 2021 and Specialty Seafood divested in November 2021

<sup>2</sup> 1H FY21 restated

<sup>3</sup> Continuing operations, adjusted for non-trading and non-recurring items (including restructuring costs, product recall costs, the US litigation settlement and unrealised foreign exchange loss) pre-AASB 16



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- Specialty Seafood business successfully divested enabling focus on two growth drivers
- Shareholders approved name change to Noumi Limited
- US litigation resolved, removing growth restrictions on MILKLAB and nut-based milk brands
- Rising geopolitical risks create ongoing uncertainty

**Noumi Chief Executive Officer Michael Perich said:**

“The impacts of COVID-19 and the restrictions imposed to combat the pandemic have been felt across the business in this six-month period. While we were hopeful of a return to normal trading conditions, the ongoing disruption caused by COVID-19 here and overseas, as well as the emergence of the Omicron strain late in the year, resulted in a reduction in sales and earnings.

“Despite these impacts, we have continued to deliver strong growth in sales of key brands, particularly MILKLAB in the out-of-home channel, and we are making significant gains in Asian export markets. In addition, and despite delays to key improvement initiatives, we are starting to see the results of our operational turnaround program and expect these to accelerate through the balance of 2022.

“The Company is now firmly in the Transform phase of our Reset, Transform and Grow turnaround strategy. As the impact of COVID-19 restrictions ease, and notwithstanding uncertainty created by rising geopolitical risks worldwide, we expect to see a recovery in financial performance across the business, with positive operating cashflows and increasing economies of scale driving earnings improvement. With the sale of Speciality Seafood and the resolution of our US litigation, we are fully focused on our two growth engines and have the certainty we need to pursue our ambitions and deliver long-term sustainable growth.”

**1H FY22 performance**

Noumi’s financial performance in the six-month period was impacted by identified revenue declines in Dairy and Nutritionals and COVID-19, which affected sale volumes, drove higher raw material and transport costs, created supply chain blockages and created issues with workforce availability. COVID-19 also impacted the timing of several key operational improvement initiatives, which have been accelerated since the end of the period. As the impact of COVID-19 eases, financial performance is expected to improve.

Net revenue for the period fell 7 per cent \$265.3 million, largely reflecting a \$15.5 million reduction in traded milk sales, a reduction of \$13.8 million from the removal of an unprofitable 2L product line and \$11.6 million lower lactoferrin sales due to the timing of orders that will now occur in the second half of FY22. These issues, combined with impact of COVID-19 related lockdowns and restrictions, were partly offset by solid growth in the out-of-home channel and exports to Asia. Export sales rose 13 per cent and now represent 29 per cent of total revenue.

Adjusted Operating EBITDA was down 79 per cent to \$4.6 million due to the timing of lactoferrin sales, the COVID-19 impacts and increased investment in the out-of-home sales force and marketing campaigns, to drive long-term growth of key brands, particularly MILKLAB.



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Statutory net loss after tax from continuing operations of \$65.8 million was impacted by a US litigation settlement provision.

Cash outflows from continuing operations before financing and non-recurring adjustments were \$4.9m and lower than prior period, reflecting the timing of lactoferrin sales, COVID-19 impacts and investments in brands and workforce.

Net assets decreased to a net liability of \$48.9 million due to the US litigation settlement provision and accumulated losses. This includes \$239.5m of liabilities related to the Convertible Notes, which will reduce when noteholders convert the notes into equity or are repaid.

At 31 December 2021, cash on hand of \$16.3 million and undrawn facilities of \$45.0 million provide the Company with sufficient flexibility to pursue day-to-day operations.

## Dairy and Nutritionals

*A leading producer of long-life dairy milk, nutritional products and performance powders*

Underlying results	Revenue			Adjusted EBITDA		
\$ million	1H FY22	1H FY21 <sup>4</sup>	Change (%)	1H FY22	1H FY21	Change (%)
Dairy and Nutritionals	\$182.0m	\$209.8m	(13.3%)	(\$6.9m)	\$8.5m	n.m.

Revenue for the six months to 31 December 2021 declined 13.3 per cent to \$182.0 million, with the business impacted by COVID-19. In addition to the COVID-19 effects, revenue was affected by lower traded milk sales, the removal of unprofitable 2L format product lines and the timing of lactoferrin sales. These temporary earnings challenges resulted in an adjusted operating EBITDA loss of \$6.9 million, a deterioration from positive EBITDA of \$8.5 million in the previous corresponding period.

Reflecting the impact of COVID-19 and the removal of the 2L product lines, sales in the retail channel were down 12.3 per cent compared to the same period in FY21 but this was partly offset by 27 per cent growth in the out-of-home channel and 16 per cent growth in exports, with sales to China up 26 per cent and Southeast Asia up 11 per cent. MILKLAB dairy continued its strong sales momentum, with sales up 24 per cent in the period.

Sales of lactoferrin fell in the period due to the phasing of customer orders and the impact of COVID-19 lockdowns in markets such as Europe. Sales of consumer nutritionals, which include Vital Strength, UPROTEIN and Crankt, continued to improve despite the impact of COVID-19 lockdowns on gyms and fitness channels.

During the period, the Company faced cost pressures related to or caused by COVID-19, namely rising domestic and international transport costs, supply chain delays and increases in raw material pricing. Contract milk supply pricing from farmers continued to rise, which has placed pressure on margins that will continue until customer supply contracts can be renegotiated.

<sup>4</sup> 1H FY21 figures restated



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In addition, COVID-19 created issues with workforce availability that adversely affected productivity and costs. COVID-19 outbreaks in regional Victoria and isolation rules particularly affected the Company's Shepparton operations during the half, reducing productivity and slowing the implementation of some operational improvement initiatives.

The transformation and operational turnaround strategy in Dairy and Nutritionals is focused on a number of areas, including reducing wastage, implementing production efficiencies, removing or reducing unprofitable products, optimising milk supply and curtailing losses from the sale of surplus milk as experienced in previous periods. Despite the impact of COVID-19, the turnaround at the Shepparton and Ingleburn operations is gathering momentum and a number of the initiatives are showing positive results.

### Plant-based Beverages

*A leading producer of long-life, plant-based products including soy, rice, oat, almond milk and liquid stocks*

Underlying results	Revenue			Adjusted EBITDA		
	1H FY22	1H FY21 <sup>5</sup>	Change (%)	1H FY22	1H FY22	Change (%)
Plant-based Beverages	\$83.2m	\$75.2m	10.7%	\$15.5m	\$15.2m	2.3%

Revenue for the six months to 31 December 2021 increased 10.7 per cent to \$83.3 million driven by growth in the out-of-home channel and Asian export markets. Adjusted EBITDA increased 2.3 per cent to \$15.5 million, with profitability increasing as economies of scale offset additional out-of-home sales and marketing campaigns to drive future sales growth.

Sale volumes have continued to rise as more products and formats become available for health-conscious consumers. The new MILKLAB Oat and Australia's Own Oat milk products, which was launched in mid-2021, continues to gain market share within the plant-based beverage category. The Company also continues to expand distribution points in Australia and Asia with investments in a focused sales force and marketing campaigns.

Sales in the out-of-home channel rose 24 per cent, while exports to Asia jumped 65 per cent, more than offsetting a 4 per cent decline in the Australia and New Zealand retail sales channel. MILKLAB continued its strong momentum with sales up 34 per cent in the period, with Australia's Own sales up 21 per cent, offsetting declines in private label sales.

### Litigation settlement

As announced to the ASX on 22 February 2022, Noumi has entered into a binding long-form agreement that resolves all disputes between the parties, including the US arbitration proceedings. The settlement removes all restrictions on sales of MILKLAB and nut-based milk in Australia and overseas.

<sup>5</sup> 1H FY21 figures restated



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## **Speciality Seafood**

The Company successfully completed the divestment of its Specialty Seafood business during 1H FY22, in line with a review of business units and their strategic alignment.

## **Current trading and outlook**

The emergence of the Omicron strain of COVID-19 across Australia's eastern seaboard in December 2021 continues to have an impact on sales in the out-of-home channel and key export markets in Asia. The Company also continues to face cost pressures related to or caused by COVID-19, including higher raw material and transport costs. Any impact on sales volumes puts pressure on margins. In addition, the impact of rising geopolitical risks worldwide on Noumi's markets and raw materials costs remains uncertain.

However, as the impact of COVID eases and the results of the operational turnaround program gather momentum, underlying financial performance is expected to improve through 2022.

## **Investor Conference Call Details**

Chief Executive Officer Michael Perich and Chief Financial Officer Josée Lemoine will host a teleconference and webcast on February 28 at 10:00am (AEDT), with a Q&A session to follow the presentation.

To access the teleconference and/or webcast, please use the links below:

### **Conference Call Registration and dial-in details:**

<http://apac.directeventreg.com/registration/event/6097743>

### **Webcast Link:**

<http://www.openbriefing.com/OB/4612.aspx>

#### **Investor inquiries:**

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*This announcement was authorised for release by the Chair*



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### About Noumi Limited

**Noumi (ASX: NOU)** is a leading Australian FMCG company with a mission to create quality, on-trend, responsibly produced dairy and plant-based beverages, nutritional products and ingredients used across the health and fitness industries. The Company operates state-of-the-art manufacturing facilities in Victoria and NSW and produces key brands include the MILKLAB range of shelf-stable dairy and plant-based milks, Australia's Own, So Natural, Crankt, Vital Strength and PUREnFERRIN lactoferrin.  
<https://noumi.com.au/>